

THE CALIFORNIA DEBT LIMIT ALLOCATION COMMITTEE
December 11, 2019
Staff Report
REQUEST FOR A QUALIFIED PRIVATE ACTIVITY BOND ALLOCATION FOR A
QUALIFIED RESIDENTIAL RENTAL PROJECT

Prepared by: Richard Fischer

Applicant: California Housing Finance Agency

Allocation Amount Requested:
Tax-exempt: \$77,000,000

Project Information:
Name: Golden West Tower
Project Address: 3510 Maricopa Street
Project City, County, Zip Code: Torrance, Los Angeles, 90503

Project Sponsor Information:
Name: Golden West Community Partners, LP (Golden West GP, LLC and AHA Los Angeles II MGP, LLC)
Principals: Wilfred Cooper Jr. and Jonathan Rose for Golden West GP, LLC; William Salamandrakis for AHA Los Angeles II MGP, LLC
Property Management Company: Rose Community Management

Project Financing Information:
Bond Counsel: Orrick, Herrington & Sutcliffe LLP
Private Placement Purchaser: Citibank, N.A.
Cash Flow Permanent Bond: Not Applicable
Public Sale: Not Applicable
Underwriter: Not Applicable
Credit Enhancement Provider: Not Applicable
Rating: Not Applicable
TEFRA Noticing Date: October 4, 2019
TEFRA Adoption Date: November 4, 2019

Description of Proposed Project:
State Ceiling Pool: General
Total Number of Units: 180
Manager's Units: 2 Unrestricted
Type: Acquisition and Rehabilitation
Population Served: Senior Citizens

Golden West Apartments is an existing project located in Torrance on a 1.18-acre site. The project consists of 178 restricted rental units and 2 unrestricted managers' units. The project has 128 studio units, 51 one-bedroom units and 1 two-bedroom unit. The renovations will include building exterior and interior upgrades. Building exterior renovations will consist of roof replacement, window replacements and a fresh coat of paint. Interior upgrades include building HVAC updates. Individual apartment units will be updated with a new kitchen appliance package, countertops, cabinets, paint and electrical fixture updates. Lastly, common or site area renovations will consist of concrete repairs, asphalt replacement and ADA updates. The rehabilitation is expected to begin in January 2020 and will be completed in December 2020.

Description of Public Benefits:

Percent of Restricted Rental Units in the Project: 100%
100% (178 units) restricted to 50% or less of area median income households.
Unit Mix: Studio, 1 & 2 bedrooms

The proposed project will not be receiving service amenity points.

Term of Restrictions:

Income and Rent Restrictions: 55 years

Details of Project Financing:

Estimated Total Development Cost:	\$ 104,981,725	
Estimated Hard Costs per Unit:	\$ 45,177	(\$8,131,860 /180 units including mgr. units)
Estimated per Unit Cost:	\$ 583,232	(\$104,981,725 /180 units including mgr. units)
Allocation per Unit:	\$ 427,778	(\$77,000,000 /180 units including mgr. units)
Allocation per Restricted Rental Unit:	\$ 432,584	(\$77,000,000 /178 restricted units)

Sources of Funds:	Construction	Permanent
Tax-Exempt Bond Proceeds	\$ 77,000,000	\$ 61,450,000
LIH Tax Credit Equity	\$ 15,265,679	\$ 31,154,446
Deferred Developer Fee	\$ 7,426,546	\$ 9,172,897
Seller Carryback Loan	\$ 910,000	\$ 910,000
Net Income From Operations	\$ 4,379,500	\$ 2,294,382
Total Sources	\$ 104,981,725	\$ 104,981,725

Uses of Funds:	
Land Cost/Acquisition	\$ 74,210,000
Rehabilitation	\$ 8,831,199
Relocation	\$ 250,000
Contractor Overhead & Profit	\$ 650,550
Architectural Fees	\$ 225,000
Survey and Engineering	\$ 297,000
Construction Interest and Fees	\$ 5,622,150
Legal Fees	\$ 215,000
Reserves	\$ 972,000
Appraisal	\$ 7,500
Hard Cost Contingency	\$ 948,175
Other Project Costs (Soft Costs, Marketing, etc.)	\$ 300,256
Developer Costs	\$ 12,452,895
Total Uses	\$ 104,981,725

Analyst Comments:

This project is considered a high cost per unit project. Golden West was appraised at \$74,200,000 and bidding for the project was very competitive. Market rate buyers and affordable buyers who were not planning on rehabbing or preserving the property. The high valuation of Golden West equated to a significant acquisition cost increasing project costs by over \$400,000 per unit. The acquisition cost, though high, is not unique to the geographic area in which the project is located. The true cost per unit, removing the high acquisition cost, is not an anomaly.

Legal Questionnaire:

The Staff has reviewed the Applicant's responses to the questions contained in the Legal Status portion of the application. No information was disclosed to question the financial viability or legal integrity of the Applicant.

Total Points:

69 out of 140 [See Attachment A]

Recommendation:

Staff recommends that the Committee approves \$77,000,000 in tax-exempt bond allocation.

ATTACHMENT A

EVALUATION SCORING:

Point Criteria	Maximum Points Allowed for Non-Mixed Income Projects	Maximum Points Allowed for Mixed Income Projects	Points Scored
Preservation Project	20	20	20
Exceeding Minimum Income Restrictions:	35	15	35
Exceeding Minimum Rent Restrictions [Allowed if 10 pts not awarded above in Preservation Project]	[10]	[10]	0
Large Family Units	5	5	0
Leveraging	10	10	0
Community Revitalization Area	5	5	0
Site Amenities	10	10	10
Service Amenities	10	10	0
New Construction or Substantial Renovation	10	10	0
Sustainable Building Methods	10	10	4
Forgone Eligible Developer Fee (Competitive Allocation Process Only)	10	10	N/A
Minimum Term of Restrictions (Competitive Allocation Process Only)	10	10	N/A
Negative Points (No Maximum)	-10	-10	0
Total Points	140	110	69